Message Text

CONFIDENTIAL

PAGE 01 LUBUMB 00894 01 OF 02 271320Z ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 OMB-01 TRSE-00 AID-05 STR-07 INT-05 DOE-15 SOE-02 IO-13 PM-05 NSC-05 SP-02 SS-15 CIAE-00 INR-10 NSAE-00 DODE-00 L-03 OES-09 GSA-02 FRB-03 XMB-02 /135 W

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R 271000Z JUL 78 FM AMCONSUL LUBUMBASHI TO SECSTATE WASHDC 2556 INFO AMEMBASSY PARIS AMEMBASSY BRUSSELS AMEMBASSY LONDON

AMEMBASSY KINSHASA

CONFIDENTIAL SECTION 01 OF 02 LUBUMBASHI 0894

E.O. 11652: GDS TAGS: EMIN, CG

SUBJECT: STAFFING GECAMINES AT KOLWEZI

REF: LUBUMBASHI 0819

1. SUMMARY. NO DECISIONS YET ON SUSPENDED EXPATRIATES FROM GECAMINES KOLWEZI INSTALLATIONS. PRESIDENT MOBUTU, HOWEVER, HAS DECIDED TO LET ZAIRIANS REMAIN AS HEADS OF KOLWEZI PLANTS AND TO REDUCE BY 50 PERCENT TOTAL NUMBER OF EXPATRIATES WITH COMPANY OVER UNSPECIFIED TIME PERIOD. CONFUSION LIKELY TO COME FROM UNCLEAR RELATIONSHIP BETWEEN ZAIRIANS AND EXPATRIATES WILL PROBABLY FURTHER REDUCE PRODUCTION DURING 1978. PRESIDENT MOBUTU'S CONTINUING ROLE IN GECAMINES' DECISIONS IS ALSO A QUESTION MARK. END SUMMARY

2. GECAMINES (GCM) SENIOR EXPATRIATE STATED THAT AS OF JULY 27, NO WORD HAS BEEN RECEIVED FROM KINSHASA WHETHER FORMER KOLWEZI EXPATRIATES WERE TO BE REHIRED. AT END OF JULY, 60 DAYS WILL HAVE PASSED SINCE JUNE 1 EFFECTIVE DATE OF THE CONFIDENTIAL.

CONFIDENTIAL

PAGE 02 LUBUMB 00894 01 OF 02 271320Z

SUSPENSION NOTICE SENT TO ALL EVACUATED KOLWEZI EXPATRIATES. IF NO ACTION IS TAKEN SUSPENSION NOTICE BECOMES A TERMINATION. DELEGATE GENERAL UMBA IS PRESENTLY IN PARIS, PRESUMABLY DISCUSSING EMPLOYMENT ISSUES, BUT MAY NOT RETURN BEFORE THE WEEKEND. SENIOR GCM EXPATRIATES IN LUBUMBASHI BELIEVE THAT CONTRACTS WILL BE ALLOWED TO LAPSE FOR ALL FORMER KOLWEZI EMPLOYEES. GCM WOULD THEN REHIRE ON

A SELECTIVE BASIS.

3. ACCORDING TO SAME EXPATRIATE SOURCES, MOBUTU HAS MADE TWO IMPORTANT DECISIONS IN PAST TWO WEEKS WHICH THEY BE-LIEVE WILL HAVE MAJOR IMPACT ON GCM OPERATIONS IF IMPLE-MENTED. FIRST, THE PRESIDENT HAS DECIDED TO LEAVE ZAIRIANS IN CHARGE OF ALL GCM OPERATIONS IN KOLWEZI. EXPATRIATES WHEN THEY RETURN WILL HOLD SUBORDINATE AND TECHNICAL PO-SITIONS, SECOND, GCM WILL SEEK TO REDUCE THE TOTAL NUMBER OF EXPATRIATES IN ALL GECAMINES OPERATIONS THROUGHOUT SHABA BY 50 PERCENT OVER AN UNSPECIFIED PERIOD OF TIME, GECA-MINES LONG-TERM EXPATRIATES, PARTICULARLY THOSE IN SENIOR POSITIONS, BELIEVE THAT SUCH A CUT IS AIMED DIRECTLY AT THEM. SINCE NO FURTHER DETAILS ARE AVAILABLE, MANAGEMENT CONTINUES TO HANDLE DAY-TO-DAY PROBLEMS, BUT IS MAKING NO LONGER RANGE PLANNING. THE FEELING PERSISTS THAT ALL OF THE NEXT MOVES REGARDING GECAMINES WILL BE MADE BY MOBUTU.

4. AS EXAMPLE OF INDECISION, GCM WAFFLED ON MEETING WITH IBRD SCHEDULED FOR MID-JULY IN KINSHASA WHICH OFFERED FOLLOW-UP TO JUNE 26 PARIS MEETING. IBRD SENT LETTER TO UMBA SAYING TEAM WOULD BE IN KINSHASA JULY 17-22 ON VARIETY OF MATTERS AND HOPED TO MEET WITH GCM REPS, PARTICULARLY TO DISCUSS STAFFING PROBLEM. UMBA SUGGESTED THAT SENIOR EXPATRIATE CHARLES PICQUET ATTEND MEETING. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LUBUMB 00894 01 OF 02 271320Z

PICQUET DECLINED SAYING UMBA SHOULD ATTEND HIMSELF SINCE CENTRAL ISSUE WAS FUTURE EXPATRIATE STAFFING, A SUBJECT ABOUT WHICH PICQUET COULD OFFER LITTLE INFORMATION. IN END NO SENIOR GCM REP IS BELIEVED TO HAVE MET WITH IBRD DELEGATION.

CONFIDENTIAL

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PAGE 01 LUBUMB 00894 02 OF 02 271321Z ACTION AF-10

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NSC-05 SP-02 SS-15 CIAE-00 INR-10 NSAE-00 DODE-00 L-03 OES-09 GSA-02 FRB-03 XMB-02 /135 W

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R 271000Z JUL 78 FM AMCONSUL LUBUMBASHI TO SECSTATE WASHDC 2557 INFO AMEMBASSY PARIS AMEMBASSY BRUSSELS AMEMBASSY LONDON

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CONFIDENTIAL SECTION 02 OF 02 LUBUMBASHI 0894

5. COMMENT. NO ACTION IS LIKELY ON SUSPENDED KOLWEZI EXPATRIATES UNTIL AFTER EFFECTIVE TERMINATION DATE. REHIRING WOULD THEN BE ON SELECTIVE BASIS, PRESUMABLY THOSE WHO ARE YOUNGER, MORE TECHNICAL, AND MORE ABLE TO WORK WITH ZAIRIANS. QUESTION REMAINS WHETHER ANY NUMBER OF EXPATRIATES WILL BE WILLING TO RETURN TO KOLWEZI LET ALONE TALENTED YOUNGER PEOPLE. ALL ARE LIKELY TO BE SKEPTICAL ABOUT COMPANY OWNED BY GOVERNMENT WHICH OFFERED NO PROTECTION AND STOPPED THEIR PAY FOLLOWING TRAUMATIC EXPERIENCES OF KOLWEZI EVENTS. RECENT RESIGNATIONS FROM OTHER GCM INSTALLATIONS IN SHABA HAVE BEEN HIGHEST PRECISELY AMONG THIS YOUNGER GROUP WHICH COMPANY WANTS TO KEEP BUT WHO SEE BRIGHTER FUTURES ELSEWHERE.

6. ALL REPORTS INDICATE THAT PRODUCTION HAS BEEN STEADY AT KOLWEZI FOR MONTH OF JULY, PUTTING OUTPUT OF COPPER AND COBALT NEAR JUNE LEVELS. CONTINUING INDECONFIDENTIAL

CONFIDENTIAL

PAGE 02 LUBUMB 00894 02 OF 02 271321Z

CISION ON RESTAFFING FOR KOLWEZI IS EXPECTED TO START HAVING IMPACT ON PRODUCTION IN AUGUST. ALL PREVIOUS PRODUCTION ESTIMATES BASED ON RETURN OF 50-75 PERCENT OF EXPATRIATES TO KOLWEZI BEFORE END OF YEAR. IF EXPATRIATES WILL ONLY HOLD TECHNICAL LEVEL POSITIONS AT KOLWEZI AND THEIR TOTAL NUMBER THROUGHOUT SHABA WILL BE DECREASED DURING THE COMING MONTHS, THE CONFUSION LIKELY TO RESULT FROM MANAGEMENT UNCERTAINTIES SHOULD FURTHER DECREASE PRODUCTION. UNDER ITS ORIGINAL SCENARIO, GECAMINES HOPED PRODUCTION WOULD EXCEED 400,000 MT OF COPPER FOR 1978. AFTER THE JUNE MEETING, THE IBRD ESTIMATED THAT 350,000 MT WAS A MORE REALISTIC 1978 FIGURE. IF THERE ARE MAJOR DISRUPTIONS IN PERSONNEL, DURING THE COMING MONTHS PRODUCTION COULD DROP BELOW 300,000 MT FOR THE YEAR. IN ADDITION, THE IBRD'S RESERVATIONS ABOUT FINAN-

CING THE CONTINUATION OF THE P-2 EXPANSION PROJECT ARE LIKELY TO GROW.

7. BROADER ISSUE OF CONTROL OF COMPANY BY PRESIDENT MOBUTU MUST BE CONSIDERED. SINCE KOLWEZI EVENTS, ALL MAJOR DECISIONS HAVE BEEN MADE BY MOBUTU AND CARRIED OUT BY UMBA WHO THOUGH HE MIGHT DISAGREE HAS BEEN HESITANT TO ASSERT HIMSELF. PERHAPS AFTER EXPATRIATE ISSUE IS SETTLED AND DEGREE OF NORMALCY RETURNS MOBUTU WILL RETURN DECISION MAKING TO GCM STAFF. IF THIS DOES NOT HAPPEN, POLITICAL STYLE OF MOBUTU WHICH SEEMS TO KEEP EVERYONE OFF BALANCE IS NOT LIKELY TO BE COMPATIBLE WITH REASONABLY RAPID TECHNICAL AND ECONOMIC DECISIONS WHICH GCM MUST MAKE.

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 jan 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED Concepts: PERSONNEL, MINING INDUSTRY

Control Number: n/a Copy: SINGLE Draft Date: 27 jul 1978 Decaption Date: 01 jan 1960 Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 20 Mar 2014 Disposition Event: Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LUBUMB00894
Document Source: CORE

Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: GS

Errors: N/A **Expiration:**

Film Number: D780308-0309

Format: TEL From: LUBUMBASHI Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1978/newtext/t19780714/aaaaalyf.tel

Line Count: 185 Litigation Code IDs: Litigation Codes:

Litigation History: Locator: TEXT ON-LINE, ON MICROFILM Message ID: 4c38d76b-c288-dd11-92da-001cc4696bcc

Office: ACTION AF

Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a

Page Count: 4
Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: 78 LUBUMBASHI 819

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 27 apr 2005 Review Event: Review Exemptions: n/a **Review Media Identifier:**

Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 1869271 Secure: OPEN Status: NATIVE

Subject: STAFFING GECAMINES AT KOLWEZI

TAGS: EMIN, CG To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/4c38d76b-c288-dd11-92da-001cc4696bcc

Review Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014